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22 October 1974

MEMORANDUM OF CONVERSATION

PARTICIPANTS: William E. Colby, Director of Central Intelligence
William J. Barnds, Murphy Commission

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[REDACTED] IC Staff

DATE: October 21, 1974

1. Mr. Colby and Mr. Barnds met for approximately 40 minutes and discussed four general topics (itemized below) introduced by Mr. Barnds. The atmosphere was cordial and relaxed. Mr. Barnds did not take notes.

2. Guidance and Feedback: Mr. Barnds asked whether Mr. Colby felt policymakers were sufficiently responsive in providing guidance and reactions. Mr. Colby remarked that in the real world policymakers are extremely busy and do not have time to sit down and produce report cards for the intelligence community. He said that the consumer is used to a high standard of quality and doesn't feel the need to comment on what is regarded as a satisfactory norm. He pointed out that Secretary Kissinger called for intelligence briefings at all major policy meetings. On the subject of formal guidance, the Director outlined the KIQ/KEP process and said that the main effort is to get policymakers to sign off on the KIQs so that they will think about the issues and so that the DCI can establish a baseline for how well the intelligence community is responding to these questions. The Director also discussed the NSC/CIC and his hope that this mechanism will be increasingly active. He noted that consumer influence is likely to come largely from informal channels, particularly through himself and the NIO mechanism. Mr. Colby said he believes that cross-channel communication is improving as the essentially vertical hierarchies of the intelligence community learn to talk to one another. He pointed out that the NIO system is not a command channel. It reflects the DCI's effort to tell program managers what is important not how to manage their separate organizations.

3. Economic Intelligence: Mr. Barnds outlined the problems of establishing the boundaries of what should be collected in this field, who should analyze it, and how non-USIB agencies tap into the

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system. Mr. Colby pointed out the difficulties confronted by intelligence organizations which have information that would be valuable to US business and the national economy, but which cannot favor one US business over another. He remarked that this is a dilemma that he has yet to solve. Mr. Colby explained that non-USIB agencies can task the intelligence community directly or through the Requirements Advisory Board. He said that a major problem is that every agency has its own economic shop and that there is no central point to bring the research and analysis together. He said that the NIO for economics is working on this issue.

4. Organization of the CIA for Clandestine Activities:

Mr. Barnds said that clandestine activity is based on the assumption that secrecy can be maintained, which may no longer be a safe assumption, particularly with the divergence of views--both public and in government--on US foreign policy activites. He pointed out that clandestine activity, particularly covert action, is going to be a highly controversial matter for some time and that the Commission will be paying particular attention to this issue. He indicated that he understood the impracticability of attempting to set up two competing DDOs that would focus respectively on clandestine intelligence gathering and on covert action. He asked whether it might not be practical, however, to separate certain deep cover covert action efforts.

Mr. Colby responded by pointing out that the trend in the Agency is in the opposite direction, and that the experience of the Bay of Pigs has taught us that it is important to have senior analytical officers review proposed covert action plans before they are submitted to the Forty Committee. He said that efforts to separate portions of the DDO have proved unworkable in the past and moreover would sacrifice the valuable interrelationship that officers in the field must have if operations are to succeed at all. Mr. Colby also noted that cover arrangements remain a problem, but are really more a problem in the US than overseas where foreigners don't much care since they view all US officials as reporters for the USG. The Director outlined the normal working of an overseas station and emphasized that it would not be possible for a station to separate its functions into categories such as liaison or recruitment. All officers should be able to do all tasks, and flaps do not result when their work is done well. He said that professionalism is increasing and that this is the best safeguard the community has for its intelligence operations. The Director also discussed attempts to misuse the Agency and his belief that any improper requests would

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meet with complete employee rejection, which he applauded. He brought up his Sources and Methods legislative package and explained the need for such a program, particularly following the Agee and Marchetti cases. Mr. Colby reviewed the types of briefing he provides for Congress and said that while he does not volunteer the names of sources, he would give any information requested by the Agency oversight committees.

5. Management Responsibilities: Mr. Barnds and Mr. Colby briefly discussed the DCI's budget review of other agencies' intelligence programs. Mr. Colby said he could identify questions and make recommendations on budget questions, but could not force other agencies to follow his guidance. Mr. Barnds asked what areas of the community seem to be weakest, and Mr. Colby responded that inequalities in personnel grade levels have adversely affected some agencies.

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